sector for capacity addition for power generaton and distribution, a policy has been formulated in 1991 to encourage greater private sector participation in power sector and the policy is revised from time to time to make it more effective. Financial and other important guidelines to encourage private sector participation in power sector are:

i. Private sector companies can set up enterprises to operate either as licensees or as generating companies.

ii. All private companies entering the Electricity Sector will be allowed a debt-equity ratio upto 4:1.

iii. Promoter's contribution should be at least 11% of the total outlay.

iv. To ensure that private entrepreneurs bring in additionality of resources to the sector, not less than 60% of the total outlay for the project must come from sources other than Indian Public Financial Institutions.

v. Upto hundred per cent (100%) foreign equity participation can be permitted for projects set by foreign private investors.

vi. The customs duty for import of power equipment has been reduced to 20% and this rate has also been extended to machinery required for modernisation and renovation of power plants.

vii. The excise duty on a large number of Capital goods and machinery in the power sector has been reduced.

viii. Upto 16% return on the foreign equity included in the tariff can be provided in the respective foreign currency.

ix. Fixed cost can be recovered at 68.5% PLF for thermal and at 90% availability for Hydro Plants. Attractive incentives are prescribed for performance beyond this PLF.

x. Tariff can be fixed in deviation of norms stipulated in the March, 1992 tariff notification provided that the per unit tariff does not exceed the per unit tariff worked out on the basis of the norms.

(b) Indian Electricity Act 1910 & Electricity (Supply) Act, 1948 have been amended through the Electricity Laws (Amendment Ordinance, 1997 promulgated on 24.1.1997 to recognise 'transmission' as an activity distinct from generation and distribution and provide for issue of transmission licenses by the Central and State Governments for inter-state and inter-state transmission of Power respectively. This would facilitate private participation in transmission.

Losses due to power shortage

1426. SHRI VEDPRAKASH P. GOYAL: Will the PRIME MINISTER be pleased to state:

(a) whether Government's attention has been drawn to the newsitem appeared in the "Hindu" dated the 14th December, 1996 to the effect that as per specialised Journal's survey, the country stands to lose Rs. 18,000 crores in current financial year due to power shortage;

(b) if so, the short and long term measure taken by government to bridge the gap of 15% between peak hours and non-peak hours; and

(c) whether Government have considered pump storage system on hydropower generation plants as a possible measure in that direction, which will save, both money and tim

THE MINISTER OF STATE IN THE MINISTRY OF POWER (DR. S. VENUGAPALACHARI): (a) Yes, Sir.

(b) The short-term and long-term measures taken by the Government to

bridge the gap between demand and supply are given below:

Short term measures:

i. Inter-State and Inter-Regional exchange of power.

ii. Renovation and Modernisation Programme.

iii. Implementation of short-gestation projects.

iv. Supply of adequate quantity & quality of coal.

Long-term:

i. Promoting private sector investment in power sector.

ii. Higher emphasis on exploitation of hydro potential with an aim to reduce peak shortage.

iii. Transport of coal by ships for coastal power station and use of self-unloading ships.

iv. Coal benefication plants for new coal mines.

v. Strengthening of Transmission and distribution System for reducing losses and improving reliability.

vi. Energy Conservation and cogeneration.

(c) Yes, Sir.

Preference to nuclear power

1427. SHRI AKHILESH DAS: Will the PRIME MINISTER be pleased to state:

(a) whether it is fact that while inaugurating the annual conference of International Association for Energy Economics in New Delhi recently the Minister of State in the Ministry of Power had stated that considering the environmental problems to the Hydel projects and Thermal power plants, Nuclear power is the preferred option;

(b) if so, what are the details of the progress made so far;

(c) whether a task force in this connection was appointed earlier; if so, what were its recommendations;

(d) whether Government have also taken a decision to appoint a fresh task force to appraise the cost effective options of power generation in the country; and

(e) if so, the details thereto?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (DR. S. VENUGOPALACHARI): (a) No, Sir.

(b) Does not arise.

(c) No, Sir.

(d) No, Sir.

(e) Does not arise.

Reconsideration of the decision of Project Clearance by States

1428. SHRI SANJAY DALMIA: Will the PRIME MINISTER be pleased to state:

(a) whether eminent persons and environmentalists have urged Government to reconsider their decision to allow the State Governments to clear all the power projects;

(b) if so, whether there is any persistent demand to set up an independent Statutory Authority responsible for speedy appraisal and environmental clearance to power projects; and

(c) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (DR. S. VENUGOPALACHARI): (a) Some representations have been received urging Government to reconsider their decision to delegate powers to the State Government to clear power project from the environmental angle.

(b) No, Sir.

(c) Does not arise.